



MANAGERIAL ACCOUNTING

(135)

—Post-secondary—

REGIONAL – 2017

Multiple Choice & Short Answer Section:

Multiple Choice (20 @ 2 points each) _____ (40 points)

Short Answers (11 @ 4 points each) _____ (44 points)

Production Portion:

Job 1: Production Cost Report _____ (88 points)

Job 2: Cost of Goods Manufactured Schedule _____ (80 points)

TOTAL POINTS _____ (***252 points***)

**Judge/Graders: Please double check and verify all
scores and answer keys!**

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Workplace Skills Assessment Program competition.



General Instructions

You have been hired as a Financial Assistant and will be keeping the accounting records for Professional Business Associates, located at 5454 Cleveland Avenue, Columbus, Ohio 43231. Professional Business Associates provides accounting and other financial services for clients. You will complete jobs for Professional Business Associates' own accounting records, as well as for clients.

You will have 90 minutes to complete your work. The test is divided into two parts. The multiple choice and short answer questions should be completed first, and then the accounting problems may be completed in any order.

Your name and/or school name should *NOT* appear on any work you submit for grading. Write your contestant number in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Round answers to 2 decimal places



Multiple Choice:

- 1) C
- 2) B
- 3) B
- 4) A
- 5) D
- 6) D
- 7) D
- 8) B
- 9) C
- 10) A
- 11) D
- 12) C
- 13) C
- 14) A
- 15) B
- 16) A
- 17) B
- 18) C
- 19) B
- 20) D



Short Answer (4 points each)

1) Jitters is a large manufacturer of coffee. Jitters has provided the following information:

Sales Revenue	\$75,000
Beginning Finished Goods Inventory	28,000
Cost of Goods Sold	36,500
Cost of Goods Manufactured	43,000

Calculate the amount of ending Finished Goods Inventory reported on Jitters' balance sheet.

\$34,500

2) The following information relates to Firestorm, Inc.:

Advertising Costs	\$10,400
Sales Salary	13,800
Sales Revenue	630,000
President's Salary	52,000
Office Rent	67,000
Manufacturing Equipment Depreciation	3,000
Indirect Materials Used	6,600
Indirect Labor	13,300
Factory Repair and Maintenance	820
Direct Materials Used	31,070
Direct Labor	31,900
Delivery Vehicle Depreciation	810
Administrative Salaries	24,700

How much was Firestorm's manufacturing overhead?

\$23,720



3) The following information was obtained from Snow, Inc.:

Advertising Costs	\$9,900
Indirect Labor	53,000
CEO's Salary	620,000
Direct Labor	40,000
Indirect Materials Used	7,500
Direct Materials Used	65,000
Factory Utilities	760
Factory Janitorial Costs	1,200
Manufacturing Equipment Depreciation	3,100
Delivery Vehicle Depreciation	1,000
Administrative Wages and Salaries	24,000

Calculate Snow's total product costs. **\$170,560**

4) At the beginning of the year, Iris Inc.'s Work-in-Process Inventory account had a balance of \$124,000. During the year, \$250,000 of direct materials were used in production, \$72,000 of direct labor costs were incurred, and \$832,000 of manufacturing overhead was allocated. The cost of goods manufactured was \$676,000. What is the balance in the Work-in-Process Inventory account on December 31?

\$602,000

5) West, Inc. uses a predetermined overhead allocation rate to allocate manufacturing overhead costs to jobs. The company recently completed Job 300X. This job used 11 machine hours and 5 direct labor hours. The predetermined overhead allocation rate is calculated to be \$43 per machine hour. What is the amount of manufacturing overhead allocated to Job 300X using machine hours as the allocation base?

\$473

6) Pivot, Inc. completed Job 12 on November 30. The details of Job 12 are given below:

Direct labor cost	\$890
Direct materials cost	\$1,100
Machine hours	8 hours
Direct labor hours	21 hours
Predetermined overhead allocation rate	\$60 per machine hour

What is the total cost of Job 12? **\$2,470**



7) J. Garrett Company, a manufacturer of personal tech items, had the following activities, allocated costs, and allocation bases:

Activities	Allocated Costs	Allocation Base
Account inquiry (hours)	\$61,000	2,400 hours
Account billing (lines)	\$35,000	17,000 lines
Account verification (accounts)	\$13,000	20,000 accounts
Correspondence (letters)	\$11,000	1,000 letters

The above activities are carried out at two of its regional offices.

Activities	Central City Office	Starling City Office
Account inquiry (hours)	120 hours	250 hours
Account billing (lines)	16,000 lines	9,000 lines
Account verification (accounts)	1,500 accounts	600 accounts
Correspondence (letters)	70 letters	150 letters

How much of the account inquiry cost will be assigned to the Central City Office? (Round all calculations to two decimal places.)

\$3,050.40 or \$3,050.00

8) Cisco Inc. makes three types of earpieces —Model A, Model B, and Model C. Manufacturing overhead costs are significant, and Cisco has adopted an activity-based costing system.

Cisco has three activities—assembly, materials management, and testing. Total costs and production volumes for the year were estimated as follows:

	Total cost	Allocation Base	Cost Driver
Assembly	\$792,000	123,750	Machine hours
Materials management	\$136,000	80,000	Parts
Testing	\$23,000	5,750	Units

The Model A radio requires 20 machine hours and 12 parts. What is the manufacturing cost to make one unit of Model A? (Round all calculations to the nearest cent.)

\$152.40



9) For the year, Raymond & Stein have cost of goods manufactured of \$60,000, beginning finished goods inventory of \$10,000, and ending finished goods inventory of \$25,000. What is the cost of goods sold?

\$45,000

10) Kid Flash's predetermined overhead rate is 80% of direct labor cost. During the month, Kid Flash incurs \$210,000 of factory labor costs, of which \$180,000 is direct labor and \$30,000 is indirect labor. Actual overhead incurred was \$200,000. What amount of overhead should be debited to Work In Process Inventory?

\$144,000

11) Killer Frost estimated that annual overhead costs will be \$80,000 and direct labor hours will be 50,000. Actual overhead was \$88,000 and direct labor hours were 40,000. What is the predetermined overhead rate?

160% or \$1.60/DL



Problem 1: Production Cost Report (88 points)

Grader: Each shaded box is worth 4 points

Flash Inc. manufactures running shoes. During the month, Flash spent \$120,000 on direct materials, \$26,920 on direct labor, and \$45,000 on manufacturing overhead to start 50,000 units into production and complete 32,000 units. There was no beginning inventory, and the ending inventory was 22% complete with respect to conversion costs and 100% complete with respect to materials. Using the weighted-average method, prepare the production cost report for the assembly department by completing the shaded portions of the table below.

Flash Inc.			
Production Cost Report – Assembly Dept.			
Month Ended January 31, 2017			
Units	Whole Units	Equivalent Units	
		Direct Materials	Conversion Costs
Units accounted for			
Completed & transferred out	32,000	32,000	32,000
End WIP	18,000	18,000	3,960
Total units accounted for	50,000	50,000	35,960
Costs			
Costs to account for		Direct Materials	Conversion Costs
Beg WIP		0	0
Costs added during period		\$120,000	\$71,960
Total costs to account for		\$120,000	\$71,960
Divided by Total EUP		50,000	35,960
Cost per EUP		\$2.40/unit	\$2.00/unit
Costs accounted for			
Completed & transferred out		\$76,800	\$64,000
End WIP		43,200	7,920
Total costs accounted for		\$120,000	\$71,920



Problem 2: Cost of Goods Manufactured Schedule (80 points)

Grader: Each title and amount worth 4 points. Titles may vary slightly but should be representative of content.

West-Allen Co. has the following data for 2016.

Raw Materials Inventory, January 1	\$ 50,000
Raw Materials Inventory, December 31	63,000
Work-in-Process Inventory, January 1	12,000
Work-in-Process Inventory, December 31	16,000
Finished Goods Inventory, January 1	8,000
Finished Goods Inventory, December 31	6,000
Raw Materials Purchased, including Freight In	25,000
Direct Labor	36,000
Manufacturing Overhead	17,000

Prepare the schedule of cost of goods manufactured for the year ended December 31, 2016.

West-Allen Co.	
Schedule of Cost of Goods Manufactured	
Year Ended December 31, 2016	
Beginning Work in Process	12,000
Beginning Raw Materials	50,000
Purchases	25,000
Ending Raw Materials	<u>(63,000)</u>
Direct Materials Used	12,000
Direct Labor	36,000
Manufacturing Overhead	<u>17,000</u>
Total Manufacturing Costs	77,000
Ending Work in Process	<u>(16,000)</u>
Cost of Goods Manufactured	<u>\$61,000</u>